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**Center for Strategic and International Studies**  
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*As Prepared For Delivery*

Thank you, Charles. And thanks to the Center for Strategic and International Studies for inviting me to be with you today. I appreciate what this organization does to advance a bipartisan dialogue around some of the most pressing issues of our time.

And thanks to those of you in the audience for being here today. I'm glad to see you agree there's really no better way to celebrate St. Patty's day than by talking about energy policy.

We have had a breakthrough year for the U.S. economy, as President Obama reminded us in his State of the Union address. Companies are creating jobs faster than any time since 1999. Wages are climbing. Deficits are shrinking. Graduation rates are at record levels.

Our economy has emerged from recession with a stronger, more stable foundation.

It is no coincidence that our economic recovery has been accompanied by the biggest energy transformation of our lifetimes. The energy revolution we experienced in the past six years helped spur the recovery, but it has also been accelerated by the policies our country has put in place.

Since 2008, American oil production has surged from five million to nine million barrels per day, and our dependence on foreign oil has fallen to its lowest level in more than 30 years. The amount of solar energy has increased ten-fold, and wind energy has tripled since 2008, helped by more than \$340 billion of private sector investment and a tax policy that helped move those investments off the sidelines. Families are driving farther than ever on a tank of gas; and with lower gas prices, the average household will have an extra \$750 in their pockets in 2015.

These shifts in U.S. energy markets aren't marginal or temporary: they are tectonic shifts.

From a business perspective, these changes present opportunities and risks.

I can promise you that every CEO of an energy business is reassessing the plans they had on the books a year ago. They're asking: How do falling oil and gas prices affect us? Do we have the right projects in the pipeline, or do we need to diversify? Can we capitalize on consumers' growing demand for smarter homes and cleaner cars?

The tectonic shifts are forcing governments at every level to face questions of the same magnitude: Can we adapt in this fast-changing environment? How do we modernize our energy programs to anticipate the new energy future? Are we doing what is needed for the U.S. to lead the world on energy?

This is a speech about energy – but you can't talk about energy without talking about climate change. That's good – one of the main reasons I left the private sector for this job was not just to talk about climate change, but do something about it. I'm proud to work for a President who is taking historic, meaningful steps to cut dangerous carbon pollution.

And so, as the person entrusted with America's biggest land management portfolio, I've also got to ask questions like: What are we doing to achieve a low carbon future? Are we striking the right balance between conservation and development? What measures do we need in place for our land, water and climate today to protect the families of tomorrow?

As CEO of REI, I needed to pay attention to the current year's earnings, but I also needed to make long-term decisions to ensure our business would be relevant and profitable 10, 20, 30 years down the line.

On a bigger scale, it's the same balance I have as Secretary of the Interior: managing our resources to help drive our nation's economy, without taking our eye off the America we want to hand our children.

The fact is that we all share a desire for a cleaner and more secure energy future, but getting there is a complex task, and many thoughtful people will disagree over the right path forward.

That is why today I want to talk about the path we are forging at the Department of the Interior.

Put simply, our task by the end of this Administration is to put in place common-sense reforms that promote good government and help define the rules of the road for America's energy future on our public lands.

Those reforms should help businesses produce energy more safely and with more certainty. They should encourage technological innovation. They should ensure American taxpayers are getting maximum benefit from their resources. And they should apply our values and our science to better protect and sustain our planet for future generations.

After all, as Secretary Kerry said last week: there is no planet B.

Over the past six years, the Obama Administration has launched the most ambitious reform agenda in the Department of the Interior's history.

We saw how a 'drill everywhere' plan doesn't work very well if nearly half of the lease sales are challenged or later overturned in court. So we put in place onshore leasing reforms to front load engagement with the public about where it does or doesn't make sense to develop. Through smarter planning, we're seeing reduced conflict and litigation and more certainty for industry.

In 2009, the renewable energy industry was knocking on our door to permit wind and solar projects, but there was no clear path forward. So my predecessor Secretary Salazar stood up a strike team to get the most promising projects across the finish line and to establish an enduring renewable energy program at the Department.

And in a span of six years, we've approved 52 commercial-scale projects on public lands across the West. Together, that's 14,000 megawatts of renewable energy, that, when built, would produce enough electricity to power over 4 million American homes. To put that in perspective, that's roughly equivalent to how much clean hydropower the Bureau of Reclamation produces through its 53 facilities built over the past 100 years, including the Grand Coulee and Hoover dams.

Offshore, we have made sweeping reforms for safe and responsible development. In the wake of the devastating Deepwater Horizon oil spill, Interior has strengthened drilling and emergency response standards for oil and gas companies. We have raised the bar through new standards for well design, production systems, blowout prevention, and well control equipment. And we've overhauled federal oversight by restructuring to provide independent regulatory agencies that have clear missions and are better-resourced to carry out their work, while keeping pace with a rapidly evolving industry.

But our work is not done. There are still areas where we need to change how we do business, so the United States can better compete and lead the world when it comes to energy and climate change.

Our reform agenda over the next two years has three goals: safe and responsible energy development, good government and encouraging innovation.

I'll start with ensuring safe and more responsible energy development.

It's simple: If we don't have the right measures in place to protect the communities in which we live, the air we breathe and the water we drink, we all lose.

I quote: "The critical path to sustained and expanded resource development in North America includes effective regulation and a commitment of industry and regulators to continuous improvement in practices to eliminate or minimize environmental risk."

That's not a quote from the Interior Department; that's from the National Petroleum Council.

Many in industry get that effective regulations and independent oversight of energy development not only help minimize risk, but are key to building the public confidence necessary to sustain our energy revolution.

But many of the regulations on the books haven't kept pace with advances in technology and are the same ones from when I was working on drilling and fracking operations in Oklahoma over 30 years ago.

That's why, in the coming days, we will release a final rule related to hydraulic fracturing – or fracking – on public lands. The rule will include measures to protect our nation's groundwater – requiring operators to construct sound wells, to disclose the chemicals they use, and to safely recover and handle fluids used in the process.

Some have already labeled these baseline, proven standards as overly burdensome to industry; I think most Americans would call them common sense.

The standards only apply to activity on public and tribal lands, where, as a matter of geology, about 25 percent of America's unconventional oil and gas sits. You can do the math: that means that three-quarters of the resources are found on state and private lands.

So, the responsibility for developing this energy safely must now be taken up in state capitals, engineering labs, and board rooms all across the country. We owe it to our kids to get this right. If we do, we can continue to grow our economy just as we keep working to protect our water, air, and communities.

Interior will continue to do its part: In the coming months, we will also propose standards to cut methane emissions and wasted gas that result from venting and flaring during oil and gas operations.

Methane is the third-largest source of greenhouse gas emissions and traps more than 20 times as much heat as carbon dioxide over the course of a century.

But this powerful greenhouse gas is routinely released during energy development. In fact, above northern New Mexico, where there are more than 40,000 gas wells, satellite images show a methane gas plume the size of Delaware.

We will be updating our decades-old standards to encourage the kind of infrastructure and technology that companies I've met with in the Bakken and Permian basins have demonstrated can reduce harmful emissions and capture the natural gas as a source of energy and revenue for the American people.

And further addressing the impacts of energy development, we're moving forward with a proposal to modernize the way coal mining operations protect community water sources, and make sure companies restore streams and forests to a healthy condition.

In the Gulf of Mexico, exploration and development activity is booming, driven by new discoveries in deep waters and the expansion of established fields. In just the next two years, 13 fields are expected to start up and offshore production is projected to steadily increase, reaching 1.6 million barrels per day in 2016.

As we continue to make vast areas available offshore for oil and gas – in fact, tomorrow I'm going to a lease sale offering 41 million acres in the Gulf of Mexico – safety remains our top priority. We can't forget the lessons learned after the Deepwater Horizon tragedy.

Building on the sweeping reforms I mentioned earlier, we will propose a rule in the coming weeks that raises the bar on blowout preventers and well control measures based on technological progress advanced by industry. Operators will be required to use best practices to protect against and effectively respond to any loss of well control.

And in the Arctic, we just released a proposal to make sure that any oil and gas exploration offshore Alaska is subject to strong standards specifically tailored to the region's challenging and unforgiving conditions. We know the Arctic is a sensitive environment that has sustained Alaska Natives and their culture for thousands of years, and we can't afford to get it wrong.

When it comes to these reforms, I recognize that there will be pushback from various corners. I also appreciate the importance of the oil and gas sector, and I'm committed to its ongoing success. I strongly believe that these reforms are not only achievable with modern technology and science, but absolutely critical to upholding public trust, enabling industry to responsibly develop our natural resources.

Second, when it comes to reforms, we need to improve the way we do business as a federal government, plain and simple.

Part of that means ensuring that the American taxpayer is getting a fair return for the use of natural resources on public lands.

I think most Americans would be surprised to know that coal companies can make a winning bid for about a dollar a ton to mine taxpayer-owned coal.

Coal is going to continue to be an important part of our nation's energy mix in the future. But the Government Accountability Office, our Inspector General, and Members of Congress from both sides of the aisle agree that the federal coal program needs reform.

We need to ask ourselves: Are taxpayers and local communities getting a fair return from these resources? How can we make the program more transparent and more competitive? How do we manage the program in a way that is consistent with our climate change objectives? These are hard questions. But it's time for an honest and open conversation about modernizing the federal coal program.

In the coming weeks, we'll also take public comment on a proposal to give the Bureau of Land Management the flexibility to adjust royalty rates on the oil and gas resources that belong to all of us.

This is important, especially given the dramatic growth of oil production on public and tribal lands. Production has increased in each of the past six years, and overall, combined production was up 81 percent in 2014 versus 2008.

It's not just about royalty rates. We need smarter management, too. In 2015 – incredibly – we're still processing a majority of oil and gas permits by paper. And we've got about 150 inspectors in the BLM who are responsible for inspecting over 100,000 oil and gas wells spread over millions of acres of public and tribal lands.

To carry out our mission – and to be a better partner to industry – we need resources. Repeated budget cuts have tested the BLM's ability to keep up with industry demand for new permits and to effectively enforce safety and environmental standards.

That's why the President's budget calls on Congress to support a strong onshore inspection program partially funded through fees. The proposal takes a page from offshore energy, where industry pays fees for permits and inspections, which means we can keep pace with the workload and don't have to divert funds from other programs to support permitting, leasing or inspection activities.

Coupled with the transition to a new automated permitting system that eliminates paper applications, these budget resources will significantly strengthen the BLM's capacity.

That's a perfect example in the budget where Congress needs to move beyond mindless austerity brought about by sequestration and make a smart investment in the future, in infrastructure and innovation. That means investing in safe and responsible energy production, but also in our ability to protect our critical landscapes, our wildlife and their habitats.

When it comes to good government, we are also working to provide predictability to industry by identifying, on a landscape level, where it makes sense for companies to focus their resources.

To that end, we're taking a targeted leasing approach in offshore frontier areas. We're also completing comprehensive oil and gas leasing plans in places like Moab, Utah, in order to open up access to resources in the right places.

We've already done that in the National Petroleum Reserve in Alaska, where we've made nearly 12 million acres available, while protecting sensitive habitat. There are valuable oil and gas resources in the NPR-A that companies can explore and bring to market.

To be clear, predictability also means identifying places that are too special to drill.

I'm talking about places with rich cultural resources, or key wildlife habitat, or awesome outdoor recreation opportunities. That all matters – to our economy and to our future.

I'm talking about places at the doorstep of Utah's national parks, North Dakota's Theodore Roosevelt National Park or the coastal plain of the Arctic National Wildlife Refuge.

Not only should we actively avoid damaging special or sensitive places, but we should also permanently protect some areas for their conservation values. Future generations of Americans deserve to enjoy those incredible places, just like we do.

We're using this comprehensive, landscape-level approach for renewable energy, too.

Onshore, we've mapped out nearly 20 zones across the West where solar potential is high and other conflicts are low.

Because of this early planning work, companies will see faster permitting times. For example, three solar projects in the pipeline in a solar zone in Nevada were reviewed by the BLM in about

one-third of the time – nine months, whereas previous project-by-project approvals often took 24 months or more to complete.

Offshore, we're identifying wind energy areas that will allow our nation to capture the huge potential of wind along the Atlantic – without compromising fishing, recreation, national security, the environment or viewsheds.

We've already held four successful auctions where industry has competitively bid to develop offshore wind farms. We now have over 800,000 acres offshore under commercial leases and are looking forward to seeing steel in the water in the coming years.

The third and last area of reform I'll talk about today is making sure that our country is positioned to encourage innovation and to be competitive in a global economy.

America is both blessed with diverse natural resources and – importantly – the human capital to develop new and better ways to harness them. Just as the United States is a leader in unconventional oil extraction and is now the world's top producer of natural gas, there's no reason why we shouldn't also be the top producer of solar power and wind power.

The government has a role to play here.

For example, the Department of Energy has, for decades, been a key player in the research and development of directional drilling and tools to assess oil and gas potential in the ground – technologies that helped spur our nation's recent energy boom.

Today, the DOE is investing in innovative technologies that make our energy production cleaner and more efficient and is finding ways to make wind and solar more cost-effective.

The government has also supported the development of a strong – and profitable – oil and gas industry through tax credits and incentives that lowered the cost of doing business. But many of those credits no longer make sense for a mature industry.

Instead, today, we should be investing in incentives for industries that are still getting their foothold in our nation's energy sector, like wind and solar.

We need Congress to make tax credits for renewable energy long-term and predictable, instead of allowing sunsets and stutter steps that create so much uncertainty for businesses and manufacturers.

Many enlightened states have spurred the growth of clean energy through renewable energy standards and incentives. When you talk about creating jobs and growing the economy, this is the kind of action that Congress can take that will move billions of dollars of capital investments into the clean energy economy.

Our nation's policies should accelerate American innovation and entrepreneurship, not blunt them. Renewable energy tax credits, energy efficiency targets, carbon reduction targets and thoughtful regulations that incentivize clean technology are a few ways we can get there.

Now, I have talked about our reform agenda from my perspective as Secretary of the Interior – responsible for representing the interests of taxpayers on their public lands.

But I am also a grandmother.

And my responsibility to my grandchildren's generation is at the top of my mind with every decision we make.

That is why I am determined to help make energy development safer and more environmentally sound in the next two years.

That is why I believe that new energy development should be matched with new protections for lands and waters.

And that is why we must – we must – do more to cut greenhouse gas pollution that is warming our planet.

I see the costs of a changing climate everywhere I go. In Kivalina, Alaska, coastal erosion threatens to wipe out an entire native village, and it's one of several that are in danger. In the Marshall Islands, they have to sandbag the airport runway to keep the rising ocean from washing it away. And across the country, communities are facing more extreme wildfires, bigger storms, devastating droughts, disappearing wildlife and rising economic damages.

For us at Interior, we are already adjusting our land management strategies for the *impacts* of climate change.

But we also need to do more to address the *causes* of climate change. Helping our nation cut carbon pollution should inform our decisions about where we develop, how we develop, and what we develop.

President Obama has rightly described climate change as the single most pressing energy and environmental challenge of our time. But he is also right that we are in a moment of remarkable opportunity and promise.

In his State of the Union, he said: "We have risen from the recession freer to write our own future than any other nation on Earth. It's now up to us to choose who we want to be over the next 15 years and for decades to come."

I share the President's belief that America should lead the world on energy, climate, and conservation. And to accomplish this, we need to encourage innovation, provide clear rules of the road, and make balanced decisions.



Every day, I think about this phrase: "We don't inherit the Earth from our ancestors, we borrow it from our children."

My job is to take the long-view.

That's what the American public expects of us, and that's what we owe the next generation.

Thank you.